

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2235 - SB 2166

February 14, 2020

SUMMARY OF BILL: Decreases, from 25 percent to 10 percent, the minimum amount of stock of an applicant for a money transmitter's license held by any person to be considered a key shareholder. Authorizes the Commissioner of the Department of Financial Institutions (DFI), to require applicants for a money transmitter's license, including key shareholders, executive officers, directors, or any other individuals associated with the applicants, to pay for and submit fingerprints and a criminal background check as administered by the Tennessee Bureau of Investigations or by the Federal Bureau of Investigations. Requires licensed money transmitters to submit certain information to a multi-state automated licensing system.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – Exceeds \$1,300/FY20-21 and Subsequent Years/
Tennessee Bureau of Investigation**

**Increase State Expenditures – Exceeds \$1,300/FY20-21 and Subsequent Years/
Tennessee Bureau of Investigation**

Assumptions:

- According to DFI, updating forms and educating staff on new requirements from the proposed legislation is absorbable within existing Department staff and resources.
- According to DFI's 2018 annual report, there were a total of 129 total licensed money transmitters; it is therefore estimated that at least 100 money transmitter license applicants, including all other individuals associated with the applicant, would undergo a state and national criminal background check each year.
- A national criminal background check cost of \$35.15, to be paid by the applicants.
- The disbursement of this fee is as follows:
 - Tennessee Bureau of Investigation (TBI): \$13.25;
 - Federal Bureau of Investigation (FBI): \$13.25; and
 - Applicable vendor: \$8.65.
- A recurring increase in state revenue to the TBI exceeding \$1,325 (100 x \$13.25) beginning in FY20-21.
- It is assumed that the cost for the TBI to perform such background checks offsets equally with the revenue collected to perform them.
- A recurring increase in state expenditures to the TBI exceeding \$1,325 beginning in FY20-21.

- The proposed legislation will not impact the total number of money transmitter licenses granted each year by DFI.

IMPACT TO COMMERCE:

Increase Business Revenue – Exceeds \$900/FY20-21 and Subsequent Years

Increase Business Expenditures – Exceeds \$3,500/FY20-21 and Subsequent Years

Assumptions:

- Assuming all background checks are completed through verified private vendors, it is estimated that the recurring increase in revenue to businesses in Tennessee would exceed \$865 ($\8.65×100).
- Applicants for money transmitter licenses will incur a recurring increase in expenditures exceeding \$3,515 ($\35.15×100) for the total cost of conducting national criminal background checks.
- The proposed legislation will not result in a significant impact on jobs due to different requirements for money transmitter licensure.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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